

offset the balance of \$47,627.89 as to which the district's obligation is to be released under the proposed contract; second, to offset the balance of the charges heretofore apportioned to the Government-owned lands in Klamath County, Oregon, pursuant to the Act of May 27, 1920, *supra*, amounting to \$36,714.37; third, to offset the balance of charges allocated as of December 31, 1942, to the Lower Klamath Lake Division; and, fourth, as an increment to the reclamation fund without further application to project construction costs.

Lands deemed part of Modoc unit, Tule Lake Division.

Use of certain net revenues.

53 Stat. 1187.
43 U. S. C. § 485a (a).

(d) The lands in Siskiyou County, California, west of range 4 east, Mount Diablo meridian, and in the vicinity of Lower Klamath Lake, including the lands heretofore uncovered by the changing level of that lake, shall be deemed to be from and after December 31, 1942, part of the Modoc unit of the Tule Lake Division of the Klamath project. Net revenues which have accrued from Government-owned lands under the primary jurisdiction of the Bureau of Reclamation in that area prior to January 1, 1943, shall be applied to offset the balance of the charges allocated to the Lower Klamath Lake Division. Net revenues accruing from and after December 31, 1942, from such Government-owned lands shall be covered into the reclamation fund and applied: First, to offset the costs heretofore or hereafter incurred in connection with the completion of the Modoc unit; and, second, as an increment to the reclamation fund without further application to project construction costs.

SEC. 3. This Act is declared to be a part of the Federal reclamation laws as these are defined in the Reclamation Project Act of 1939.

Approved June 17, 1944.

[CHAPTER 262]

AN ACT

June 17, 1944
[H. R. 4771]

[Public Law 343]

To amend the part of the Act entitled "An Act making appropriations for the naval service for the fiscal year ending June 30, 1921, and for other purposes", approved June 4, 1920, as amended, relating to the conservation, care, custody, protection, and operation of the naval petroleum and oil-shale reserves.

Naval petroleum and oil-shale reserves.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the part of the Act of June 4, 1920 (41 Stat. 813), amended by the Act of June 30, 1938 (52 Stat. 1252; 34 U. S. C. 524), as so amended, is hereby amended as follows:

(a) The first four paragraphs of such amended part are amended to read as follows:

Possession of properties; exploration, development, etc.

Naval petroleum reserve No. 1.

"The Secretary of the Navy is directed to take possession of all properties within the naval petroleum reserves as are or may become subject to the control and use by the United States for naval purposes; to explore, prospect, conserve, develop, use, and operate the same in his discretion, subject to approval by the President, directly or by contract, lease, or otherwise, including, in the case of naval petroleum reserve numbered 1, contracts for joint, unit, or other cooperative plans of exploration, prospecting, conservation, development, use, and operation of lands owned or controlled by the United States within such reserve numbered 1 and lands (a) owned or leased by private interests therein, or (b) outside thereof but on the same geologic structure, such use and operation to be for the protection, conservation, maintenance, and testing of the aforesaid reserves, or for the production of petroleum whenever and to the extent the Secretary, with the approval of the President, finds required for the national defense: *Provided, however*, That no petroleum shall be produced pursuant to such a finding unless authorized by the Congress by joint resolution: *And provided further*, That the Secretary

Production.

Congressional authorization.

Post, p. 283.

Periodic reexaminations; quantity reduction.

shall from time to time reexamine the need for such production so authorized and if he shall find that the quantity of such production so authorized is no longer required for the national defense then the quantity of such production shall be reduced to the amount currently required for the national defense; and to use, store, exchange for other petroleum or refined products, or sell the oil and gas products thereof, and those from all royalty oil and gas from lands in the naval reserves, for the benefit of the United States, subject to the applicable limitations and restrictions of this Act; and to exercise exclusive jurisdiction and control over those lands within the borders of naval petroleum reserves numbered 1 and 2 which are embraced by leases granted pursuant to the provisions of the Act of Congress approved February 25, 1920, entitled 'An Act to promote the mining of coal, phosphate, oil, oil shale, gas, and sodium on the public domain' (41 Stat. 437).

Disposal of products.

Jurisdiction and control.

30 U. S. C. § 181 *et seq.* Supp. III, § 183 *et seq.* *Ante*, p. 275.

Contract provisions; U. S. share of total production.

Allowable considerations; compensation to other parties.

"Any contract entered into pursuant to the authority granted in the preceding paragraph for joint, unit, or other cooperative plan of exploration, prospecting, conservation, development, use, or operation shall require that the United States be assured of receipt currently of its share of the total production from each of the various commercially productive zones underlying all lands covered by the contract as determined from time to time on the basis of estimates of its original share of the quantities of recoverable oil, gas, natural gasoline and associated hydrocarbons in such zones underlying such lands on the date fixed in such contract: *Provided, however*, That any party to such a contract, other than the United States may, pursuant to the authority hereinabove granted to use and operate the reserves for their protection, conservation, maintenance and testing, be permitted under the terms of such contract to have produced and to receive and shall have charged to its share in the total production from any zone or zones such quantities of petroleum as are necessary to compensate it—

"(a) for its share of the current expenses of protecting, conserving, testing and maintaining in good oil-field condition such lands and the wells and improvements thereon, and its real and personal taxes levied or assessed thereon; and

"(b) for surrendering control of the rate of production from its lands: *Provided*, That if the Secretary of the Navy is not then causing petroleum to be produced pursuant to a joint resolution as referred to in the preceding paragraph, the quantity of petroleum determined to be produced under this subparagraph (b) may, in the absolute discretion of the Secretary, be terminated or reduced at any time on reasonable notice.

Limitations.

Such quantities permitted to be produced pursuant to the foregoing subparagraphs (a) and (b) shall in no event, however, exceed one-third of its share of the estimated recoverable petroleum on such date fixed in such contract in such zone or zones; and no such contract shall be entered into without prior consultation in regard to all its details with the Naval Affairs Committees of the Congress.

"All expenses incurred by the Secretary in exploring, prospecting, conserving, developing, using, and operating lands owned or controlled by the United States in the naval petroleum reserves, and in producing petroleum, and the share of the United States of expenses incurred under any contract entered into pursuant to this Act, shall be paid from appropriations made available for such purposes by the Congress. All sales of petroleum, gas, and other hydrocarbons from the naval reserves by the Secretary of the Navy shall be at public sale to the highest qualified bidder at such times, in such amounts, and after such advertisements as the Secretary deems proper.

Payment of expenses.

Sales of hydrocarbons.

Contracts for conservation purposes.

Exchanges for privately owned lands or leases.

Consultation and approval requirements.

Report to Congress.

Acquisitions by purchase or condemnation.

Appropriation authorized.
Post, p. 867.

Report to Congress.

Termination of certain leases.

Re-leasing.

Stipulation as to rates of prospecting, production, etc.

"In order to consolidate and protect the oil lands owned by the Government the Secretary of the Navy is authorized to contract with owners and lessees of land within or adjoining such reserves for conservation in the ground of oil and gas and for compensation for estimated drainage in lieu of drilling or operating offset wells, and to exchange Government land in naval petroleum reserve numbered 1, the right to royalty production from any of the naval petroleum reserves, and the right to any moneys due to the Government as a result of the wrongful extraction of petroleum products from lands within naval petroleum reserve numbered 1, for privately owned land or leases within naval petroleum reserve numbered 1: *Provided*, That no lease of any portion of the naval petroleum reserves, no contract to alienate the use, control, or possession thereof from the United States, no contract to sell the oil and gas products thereof, other than royalty oil and gas products, no contract for conservation or for compensation for estimated drainage, and no exchange of any land, any right to royalty production or any right to any moneys as hereinabove authorized shall become effective nor shall any condemnation proceedings be instituted until after consultation in regard to all its details with the Naval Affairs Committees of the Congress and after approval by the President: *Provided further*, That the Secretary of the Navy shall report annually to the Congress all agreements entered into under the authority herein granted.

"In the event of the inability of the Secretary of the Navy to make arrangements he finds satisfactory for exchanges of land or agreements for conservation as authorized under the preceding paragraph of this Act, or for contracts for joint, unit, or other cooperative plans with respect to lands or leases as authorized under the first paragraph of this Act, he is hereby authorized, with the approval of the President, to acquire such privately owned lands or leases (a) within the reserves or outside thereof but on the same geologic structure, by purchase, and (b) within naval petroleum reserve numbered 1 by condemnation, and (c) outside naval petroleum reserve numbered 1 but on the same geologic structure, provided that substantial drainage exists, by condemnation. There is hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act. Such sums shall be expended under the direction of the President, who shall submit to the Congress estimates therefor in the manner prescribed by law: *Provided*, That the Secretary of the Navy shall report annually to the Congress all purchase and condemnation proceedings entered into under the authority herein granted and shall, within thirty days after the close of each calendar quarter, report to the Naval Affairs Committees of the Congress the total production from the reserves during the preceding quarter.

"Leases of lands of the United States within the naval petroleum reserves, in existence prior to July 1, 1936, excepting those leases which have become a part of an approved unit or cooperative plan and agreement, shall terminate at the expiration of their initial twenty-year periods, and the lands covered by such terminated leases may be re-leased upon such reasonable terms and conditions as the Secretary of the Navy may prescribe, with the preferential right in the former lessees to leases of the same if and when the lands are re-leased: *Provided*, That every unit or cooperative plan of development and operation entered into after July 1, 1937, other than such plans as are specifically authorized in the first paragraph of this Act, and every lease entered into subsequent to July 1, 1937, with respect to lands owned by the United States within the naval petroleum reserves, shall contain a provision whereby authority limited as pro-

vided in such plan or lease is vested in the Secretary of the Navy, subject to approval by the President, to alter or modify from time to time in his discretion the rate of prospecting and development on, and the quantity and rate of production from, such lands of the United States under said plan or lease, any law to the contrary notwithstanding."

(b) Section 3 of the Act of June 30, 1938, is amended to read as follows:

"SEC. 3. All Acts or parts thereof in conflict with the provisions of this Act are hereby repealed: *Provided, however,* That nothing herein contained shall be construed as limiting the powers of the President or the Secretary of the Navy under Title II of the Act of March 27, 1942, known as 'The Second War Powers Act, 1942'."

Approved June 17, 1944.

52 Stat. 1255.
34 U. S. C. § 524
note.

56 Stat. 177.
50 U. S. C., Supp.
III, app. § 632.

[CHAPTER 263]

JOINT RESOLUTION

Providing for operation of naval petroleum and oil-shale reserves.

Whereas it has been urgently requested by the Joint Chiefs of Staff and recommended by the Secretary of the Navy that production from Naval Petroleum Reserve Numbered 1 be substantially increased at the earliest possible date to meet the critical need for petroleum on the west coast to supply the armed services in the Pacific theater: Therefore be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding the provisions of the Act of June 4, 1920, as amended, relating to the naval petroleum reserves, the Secretary of the Navy be, and he hereby is, authorized, with the approval of the President, during the period of eighteen months from and after June 1, 1944, to develop and operate, or to cause to be developed and operated, the lands in Naval Petroleum Reserve Numbered 1, directly or by contract, (a) to the end that the productive capacity of the reserve, including the privately owned and leased lands included therein, may be increased to permit a daily rate of production of sixty-five thousand barrels, but not in excess of such rate, and (b) to produce or to cause to be produced from said lands during said period up to but not in excess of a total of thirty million barrels of petroleum: *Provided,* That the Secretary of the Navy is hereby authorized to enter into contracts under the appropriation "Naval Emergency Fund" for increasing the production of petroleum in Naval Petroleum Reserve Numbered 1 to the extent authorized in this resolution.

Approved June 17, 1944.

June 17, 1944
[H. J. Res. 286]
[Public Law 344]

Naval Petroleum
Reserve No. 1.
Development and
operation.
41 Stat. 813.
34 U. S. C. § 524.
Ante, p. 280.

Post, p. 302.

[CHAPTER 266]

AN ACT

To extend, for two additional years, the provisions of the Sugar Act of 1937, as amended, and the taxes with respect to sugar.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 513 of the Sugar Act of 1937, as amended (relating to termination of powers of the Secretary of Agriculture under the Sugar Act), is amended to read as follows:

"SEC. 513. The powers vested in the Secretary under this Act shall terminate on December 31, 1946, except that the Secretary shall have power to make payments under title III under programs applicable to the crop year 1946 and previous crop years."

June 20, 1944
[H. R. 4833]
[Public Law 345]

Sugar Act of 1937,
amendments.
50 Stat. 916.
7 U. S. C., Supp.
III, § 1183.

Termination of
powers.
50 Stat. 909.
7 U. S. C. §§ 1131-
1137; Supp. III, §§ 1131,
1134, 1137.